SUPERMARKET BUSINESS

In This Issue
NONFOODS BUSINESS
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OF TWO PARTS

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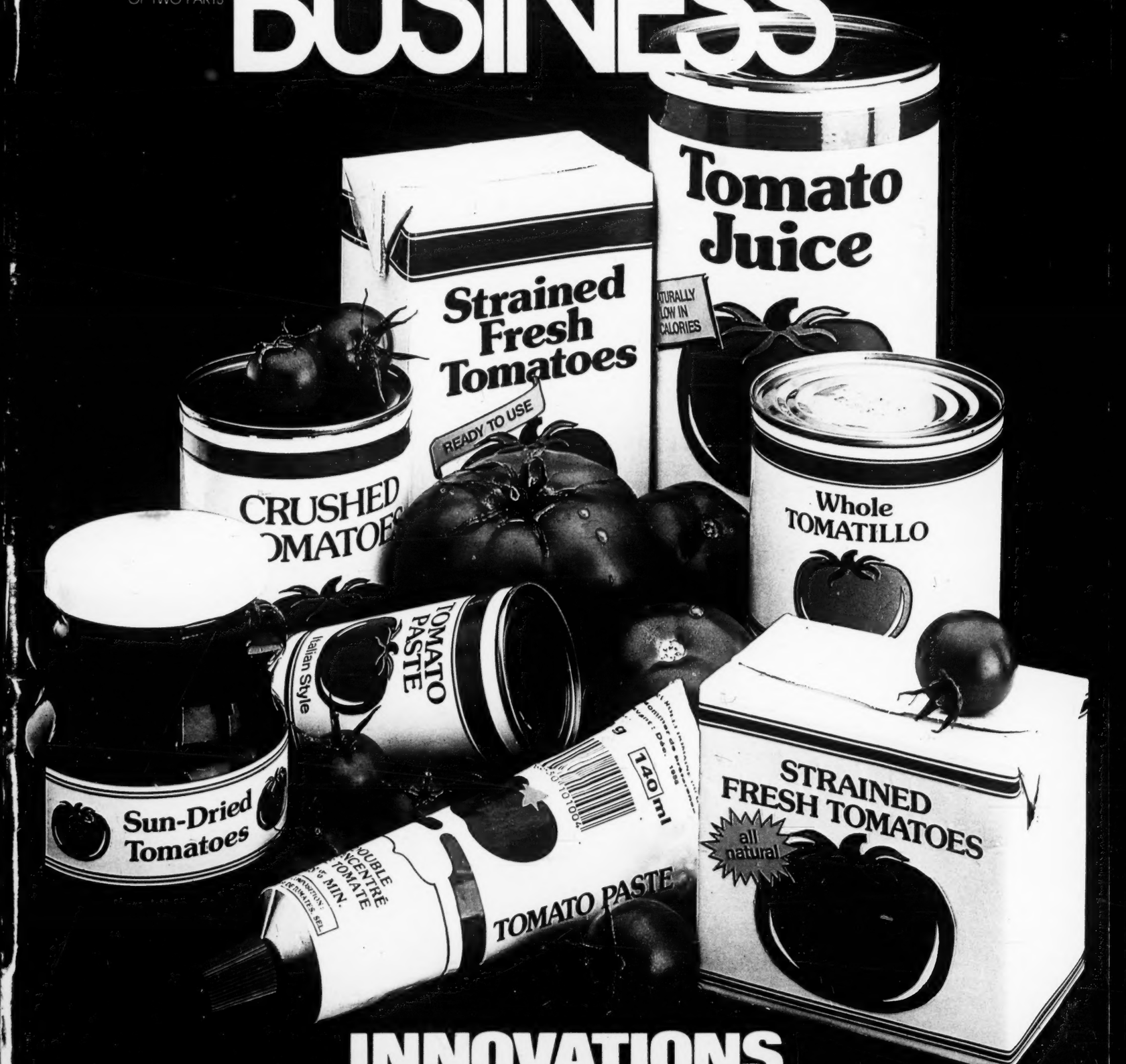

INNOVATIONS

New Products • New Packages • New Formulations

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SUPERMARKET BUSINESS

VOLUME 41
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PART ONE
OF TWO PARTS

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INNOVATION

NEW PRODUCTS, NEW PACKAGES, NEW FORMULATIONS

A STAFF REPORT

Today's shoppers are bombarded by the new and improved. But how much is truly new, and how much is improved? In the past few years, the supermarket industry has seen a flood of new products, but only a trickle of truly new ideas. The few radical breakthroughs in packaging or products—aseptics and microwave-ready frozen foods, to name two—have led to an enormous amount of product introductions.

This is an age of convenience. It's also an age of product tampering. It's an age of "lite" cuisine, and an age of upmarket ice creams. It's an age of home-cooking and microwave ready entrees. It's an age of more frozens and more fresh and more fast foods.

The supermarket retailer has, naturally, been both burdened and buoyed by this. Sales in certain categories—frozens, for instance—have increased tremen-

SOME NOTABLE NEW PRODUCTS

Food and Grocery

Ranked Ratings of Amount of New Products in each Category (1-few, 5-many)

Total Sample

Frozen foods, because of the increased use of microwaves, and the growing number of single-serving and "lean" entrees, led the pack with most entries. Wine coolers, new to the national scene, boosted wine sales throughout the nation. Retailers have also seen a great surge in breakfast foods, which have taken off after years of sluggish sales.

dously. But shelf and freezer space remain at a premium. Room cannot be found for every new product that comes down the pike, and space must be reserved for the great success stories. In addition, some new products take sales away from other products and do not necessarily create additional sales for the category: a familiar story. In an attempt to put today's product/packaging scenario into perspective, SUPERMARKET BUSINESS surveyed consumers, retailers and wholesalers. We also spoke with package designers and manufacturers, to get their feelings on today's changes.

Retailers and wholesalers were asked to give us their opinions on the following:

- ☐ What the major new categories are.
- ☐ How these categories and products have performed in the supermarket.
- ☐ What impact they have had on the rest of the category (in terms of shelf space, sales strength, whether they helped or hindered the category).
- ☐ What impact the products had on business operations and manufacturer support (in terms of sufficient advertising and promotion, and display help).
- ☐ Kinds of packaging.

Continued on page 42

SOME NOTABLE NEW PRODUCTS

Food & Grocery

Ranked Ratings of Effect of New Products on Categories (1-weakened, 5-strengthened)

Frozen foods dominated the new product list, and also strengthened category sales substantially. Yogurt continues to do well, and its repackaging in smaller, snack-size containers has helped sales. The new entries in soups, such as Campbell's dried soup line, brought new attention to the category.

Continued from page 41

☐ Whether they felt a need for new display methods.
☐ The product's effect on the whole category.

Overall, SUPERMARKET BUSINESS wanted to know what makes a successful product and how new products affect the way each sample group does business. A breakout on the major findings appears on this and the following pages. Here is a summary of the results.

Most retailers accepted over 150 new products last year (not including GM/HBA products), according to SB survey results. Most of the retailers surveyed do not believe that the majority of these new items are indeed new, but merely line extensions or "me-too" products. More chain-based retailers and wholesalers accepted new products than did independent retailers. Perhaps because independents limited their acceptance of new products, a larger percentage of independents than chain retailers and wholesalers considered the products they accepted to be truly new.

The most frequently mentioned recent packaging innovations are aseptic packages (especially for drinks), squeeze bottles for ketchup and jellies, and down-sizing of packages (especially for detergents and pet foods). Frozen foods and wine coolers led everyone's list as the two categories with the most new products. Breakfast foods are also a hot category.

Continued on page 44

SOME NOTABLE NEW PRODUCTS

Food and Grocery

Ranked Ratings of Packaging Changes within Categories (1-few, 5-many)

Because of their relative newness to the national scene, wine coolers dominate the packaging changes. But frozen foods, whose packaging is continually being redeveloped, are also high on the list. New formulations and packaging in soaps and detergents, such as Liquid Tide, led to a lot of developments in this category.

Continued from page 42

When a new product is introduced at a supermarket, the biggest effect is an increase in sales for that particular category, according to three-fourths of survey respondents. More than half of those surveyed also said that another product or slot is dropped, general buyer interest or sales are increased and shelf space is increased for the whole category.

Wholesalers feel that they have significant initial outlays for overhead systems when a new product is accepted. For retail chains, the most frequently mentioned operation effect of a new product is increased general sales (chains are also the only group that worry significantly about new display formats). Independent retailers are more likely than wholesalers and chains to drop another product when a new product is added.

Most of those surveyed feel that manufacturers are generally supportive in terms of financial help for promotions and advertising, when a new product is introduced. Manufacturers are considered generally unsupportive when it comes to helping to ease warehouse and shelf-space problems, and in helping with initial overhead expenses.

Wholesalers and retail chains feel that manufacturers could provide more help in getting ride of some of the older products faster,

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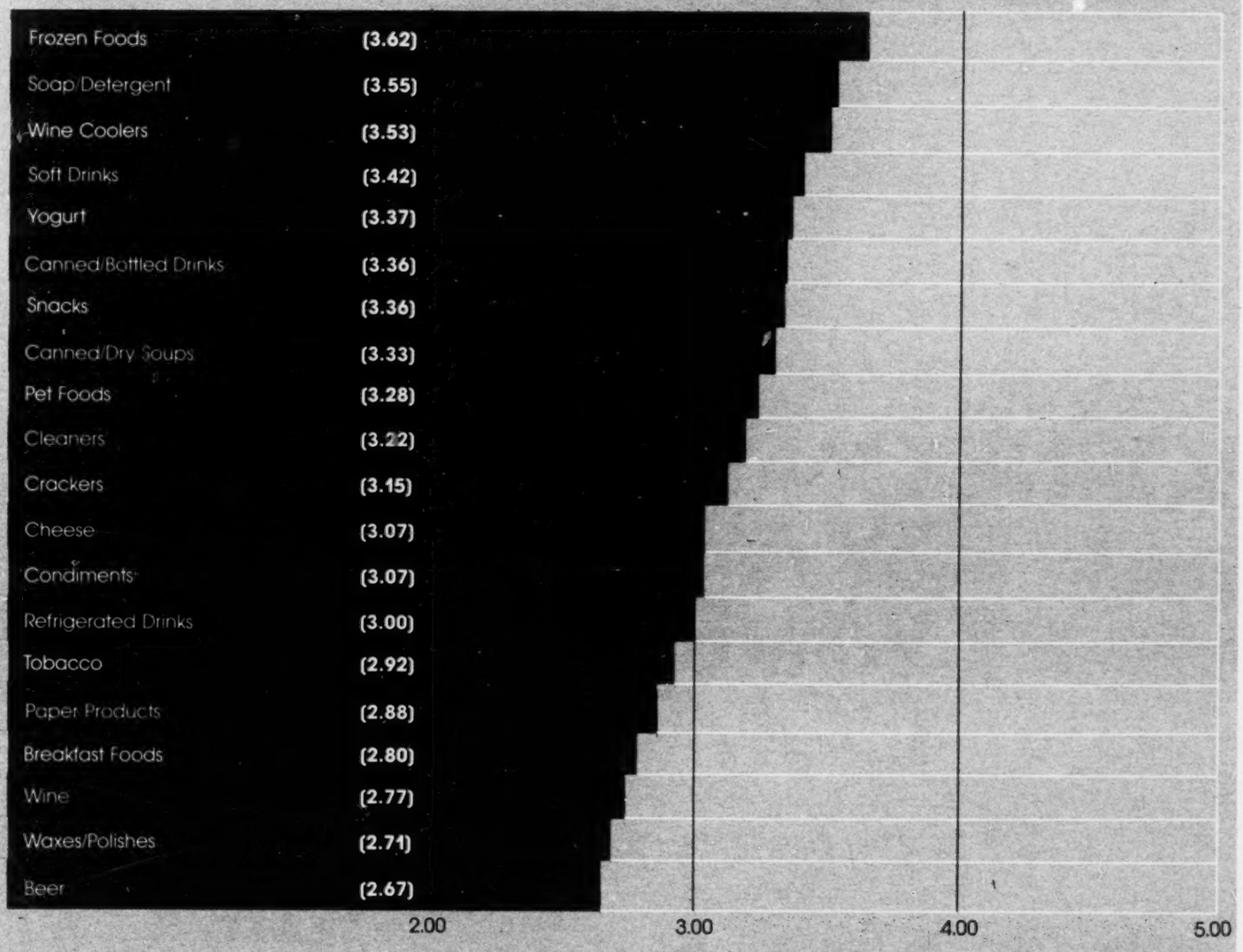
SOME NOTABLE NEW PRODUCTS

Food & Grocery

Ranked Ratings of the Effects of Packaging Changes on Categories (1-hurt, 5-helped)

Total Sample



Major packaging changes for frozen foods included the use of microwavable plastic trays, replacing foil ones. For soaps and detergents, down-sizing of the products was a boon to sales, retailers feel.

Continued from page 44

and with some additional money for stocking and promotion. They also call for more in-depth information on how the product fits into the category. Independents, on the other hand, seem just to want more information. They want to see more sales representatives, and they want to be made more aware of new products before the manufacturer starts advertising or couponing the items.

One wholesaler said, "When extending a product line, manufacturers should do much more to help a warehouse discontinue slow items in the line." Another wholesaler asked for more input from manufacturers. "We need more reassurance that the product will sell," the wholesaler said. "Statistics are fine, but mean nothing in different markets. What sells in Minneapolis doesn't have to sell in Denver. Manufacturers should bring actual evidence into the market to show the product will move—not just for the chains, but for the wholesaler and independent owners as well."

Most packaging designers and manufacturers with whom SUPERMARKET BUSINESS spoke agree on the significant new products of the past year or so. "There's been a shift in consumer priorities," says Martin Friedman, a marketing consultant. "A few years ago, everything was health-oriented, but now it's quality and taste

Continued on page 110

NonFoods BUSINESS

INNOVATIONS IN GM/HBA PRODUCTS AND PACKAGING 5B
A STAFF REPORT

Supermarket retailers accepted over 100 new GM/HBA products last year. The innovations were mainly in such areas as pump toothpastes, tamper-proof packages, high-fiber diet aids and hair care products. This survey reveals how wholesalers and retailers feel about new products and packaging in the nonfoods area.

IN CHICAGO, SMALL ENTREPRENEURS ENTER THE HOUSEWARES ZONE/KEVIN COUPE 21B

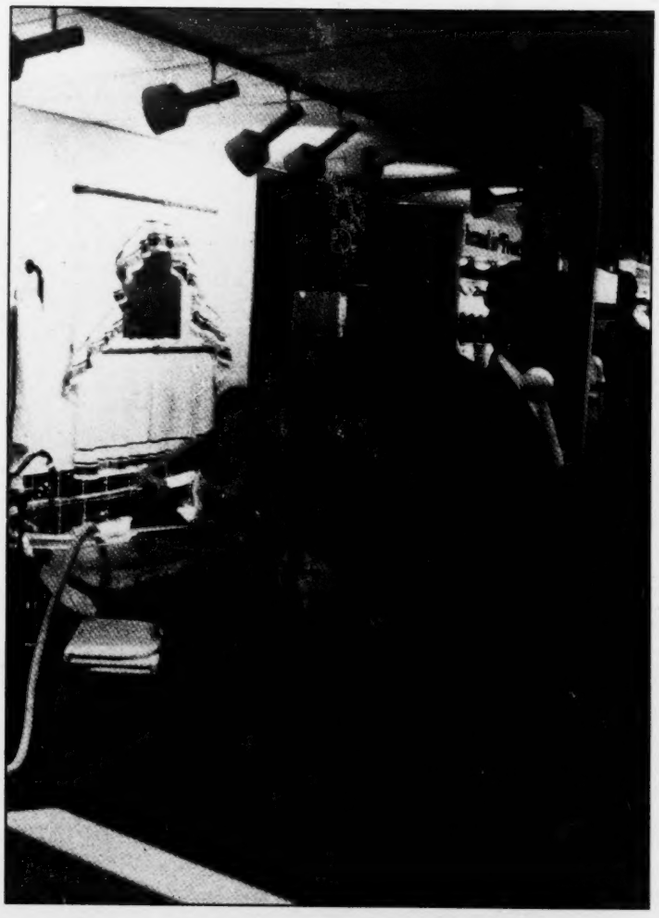
The 84th semi-annual International Housewares Exposition was a study in glitz. But amid the flashy booths could be found numerous small businessmen struggling to be noticed.

SAMI UPDATE: HBA PRODUCT CATEGORIES REFLECT LITTLE CHANGE FROM YEAR AGO/ALAN MILLER JR. 33B

February's HBA food store volume barely topped the level of a year ago, as cough and cold remedies faltered. Skin care aids also lost momentum compared with last year.

NEW PRODUCTS 38B, 40B, 42B

AD INDEX 46B



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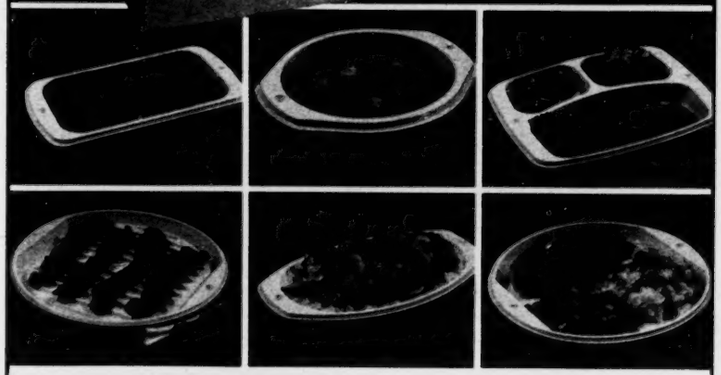

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INNOVATION

NEW PRODUCTS, NEW PACKAGES, NEW FORMULATIONS

A STAFF REPORT

If a manufacturer developed a high-fiber, tamper-resistant pump toothpaste that also doubles as a mousse, he'd make a fortune. That is, if he could get shelf space at the supermarket. Supermarket retailers accepted over 100 new general merchandise and health and beauty aids products last year, according to a survey conducted by NONFOODS BUSINESS. The biggest developments were in fiber-rich diet products, pump toothpastes, shampoos and mousses and tamper-resistant over-the-counter medications.

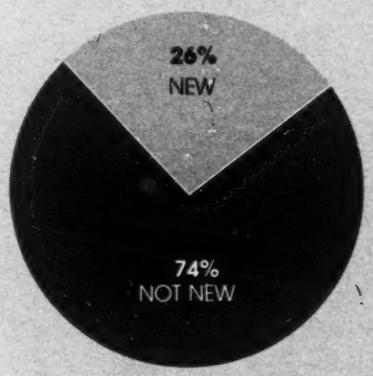
For the survey, retailers and wholesalers were asked to comment on the following:

- ☐ What the major categories are.
- ☐ How these categories and products performed in the supermarket.
- ☐ What effect the products had on the rest of the category (in terms of shelf space, sales strength, whether they helped or hindered the category).
- ☐ Packaging changes.
- ☐ Whether they saw a need for new display methods.

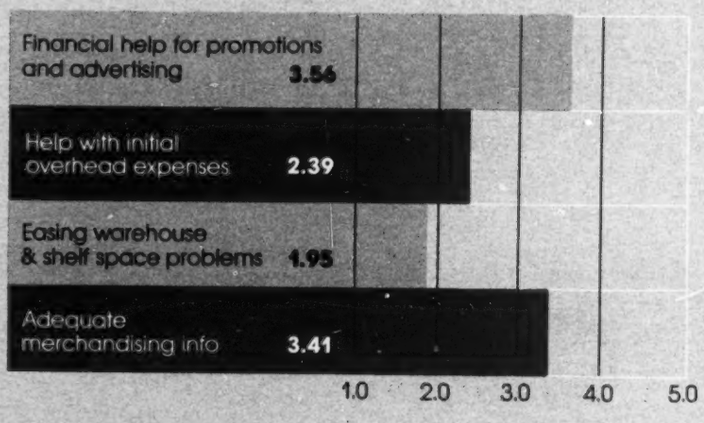
NONFOODS BUSINESS wanted to know, overall, what makes a successful product in GM/HBA, and how these new products affect the way a sample group does business. A breakout appears on *page 8B, 17B*

HBA & GM

Percentage of those products that were truly new . . . . . .

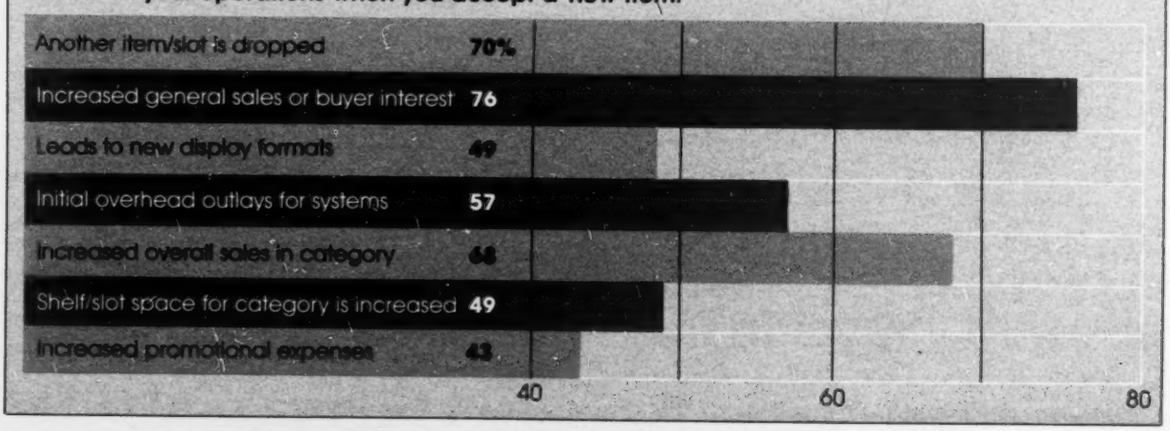


Ratings of manufacturers support: 1-poor, 5-good



Retailers don't consider most new GM/HBA products to be new, but line extensions, as the pie chart above shows. Survey respondents feel that manufacturers provide adequate financial help for advertising and promos, and good merchandising info, as seen in the above chart. Wholesalers especially feel a lack of support for space problems, and independents called for more help with initial overhead costs. For most survey respondents, another slot or item is dropped when a new product is accepted, seen in the chart below. Independents, more than chains or wholesalers, tend to increase category space.

Effects on your operations when you accept a new item:


Another item/slot is dropped 70%
Increased general sales or buyer interest 76
Leads to new display formats 49
Initial overhead outlays for systems 57
Increased overall sales in category 68
Shelf/slot space for category is increased 49
Increased promotional expenses 43
40
60
80

SOME NOTABLE NEW PRODUCTS

and the following pages. Here is a summary of the results.

While the majority of wholesalers and retail chains accepted more than 100 new items, independents tended to accept fewer. Most independents, according to the survey, accepted more than 50 items. As with the findings on new products in the food and dry grocery-nonfoods area (see this month's cover story on packaging and product innovations in SUPERMARKET BUSINESS, p. 39), most of the items are considered line extensions or "me-too" products, with about a quarter of new products considered truly new.

Most survey respondents said that when they accepted a new product, the result was increased general sales or consumer interest. For many retailers, another product or slot is dropped. And sales increase overall.

Increasing shelf space for the category is not a frequent operation effect, especially for wholesalers and retail chains. This is one instance where operational effects of GM/HBA products differ substantially from those of food and grocery, where retail chains and wholesalers were more likely to increase shelf space than to drop products. Independents, on the other hand, are almost as likely to increase space for a GM/HBA product as they are to drop another product. This is the opposite of what was found for food and grocery.

When wholesalers accept a new product, initial overhead outlays and increased general buyer interest are the two most likely effects. When retail chains accept a new GM/HBA product, they usually get increased general sales and increased category sales. Increasing the shelf space for the whole category is the least likely effect of accepting a new product.

When independents accept a new product, they most likely drop another product. They are least likely to increase promotional expenses.

Continued on page 18B

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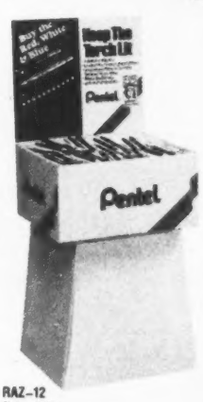

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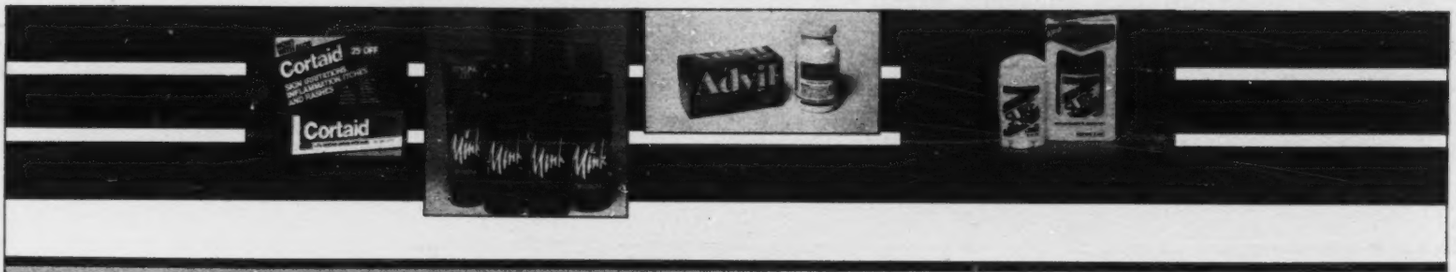
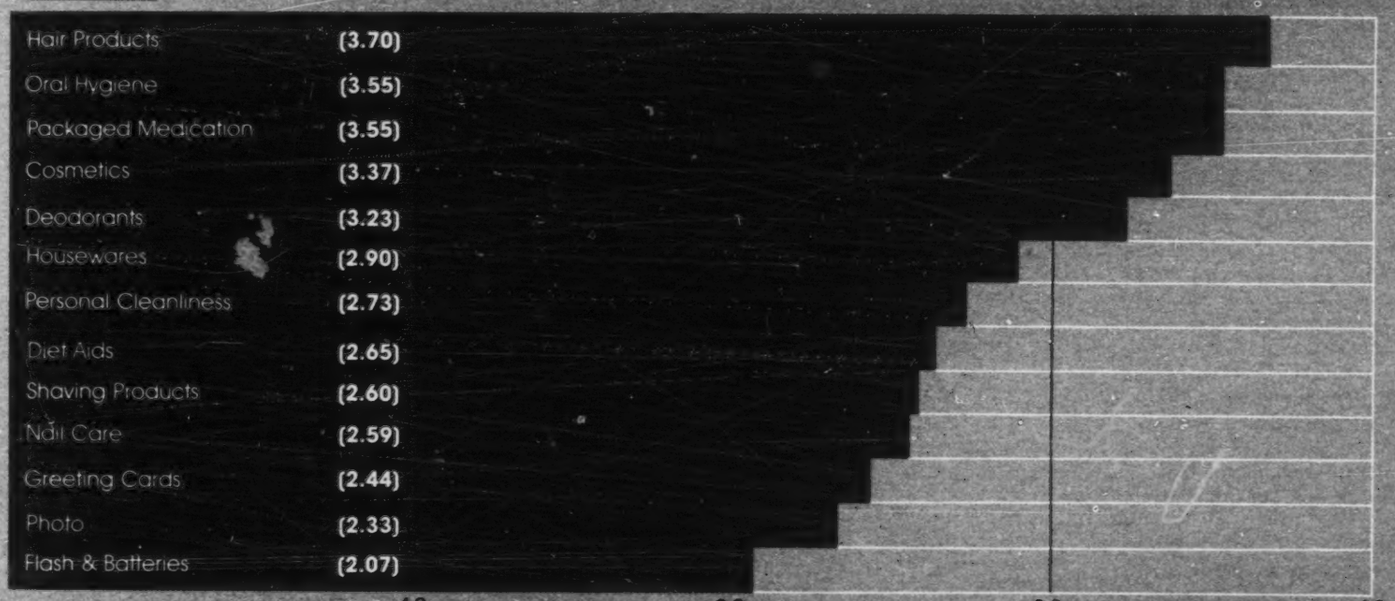
SOME NOTABLE NEW PRODUCTS



HBA & GM

Ranked Ratings of Amount of New Products in Categories (1-few, 5-many)

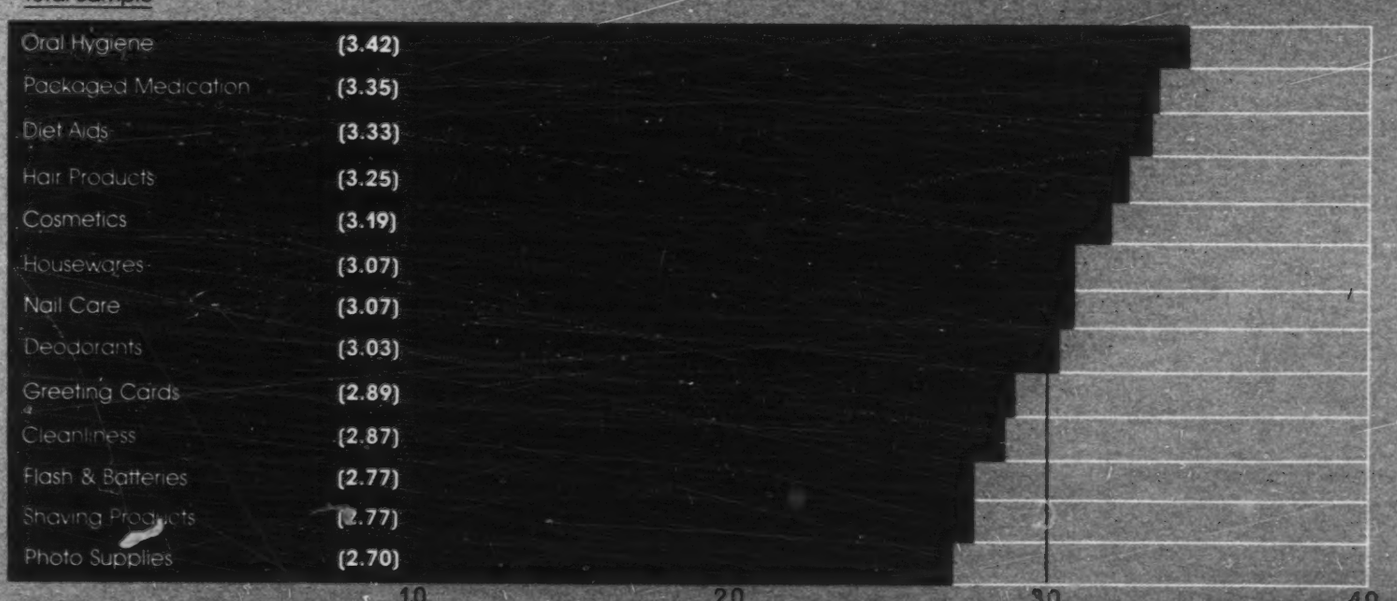
Total Sample



Hair products, spurred on by mousses, predictably had the most new products. Oral hygiene products, because of the proliferation of pump toothpastes and tartar-control formulas, also had strong growth.

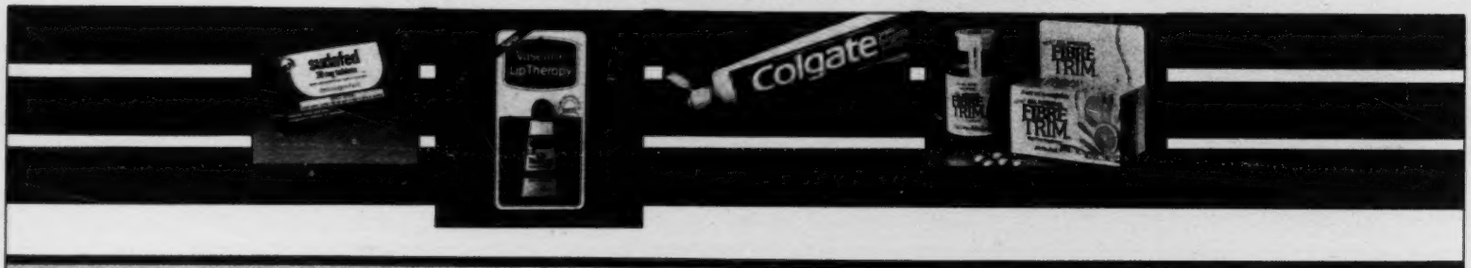
Ranked Ratings of Effects of New Products on Categories (1-weakened, 5-strengthened)

Total Sample



Because of the strength of pump toothpastes, oral hygiene had the strongest effect on its category. New packaged medications, such as Nuprin and Advil, also spurred strong category growth.

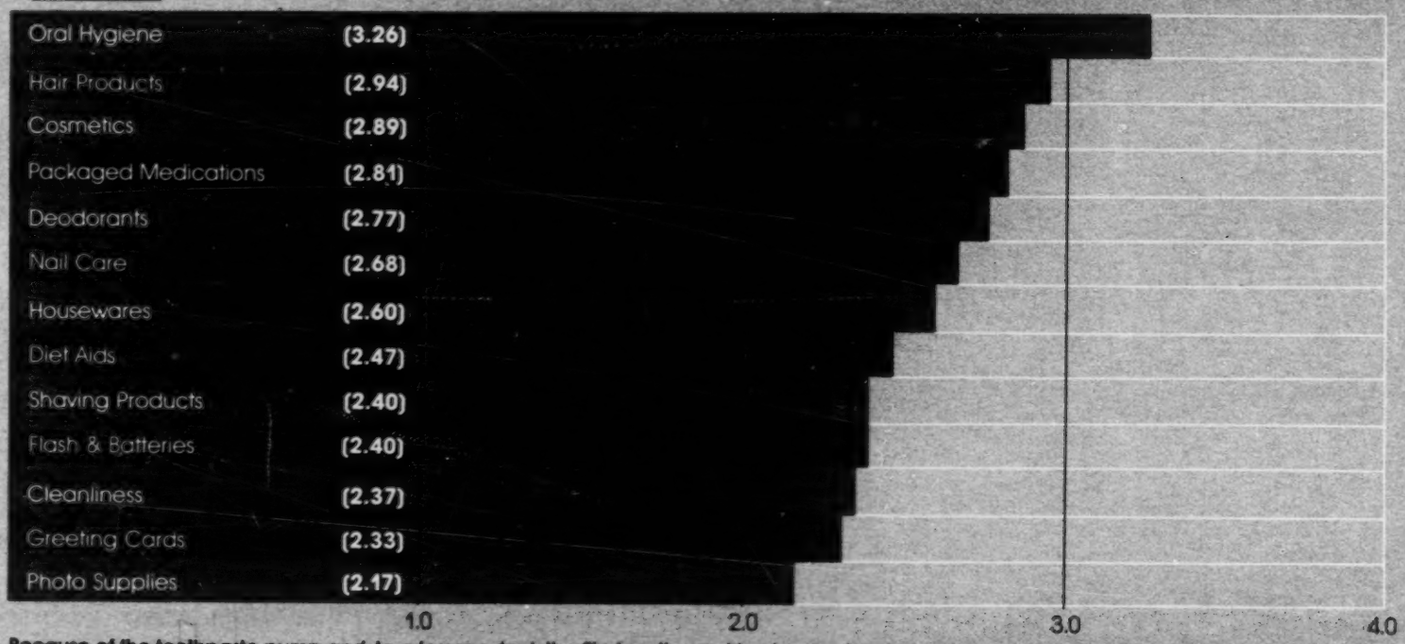
SOME NOTABLE NEW PRODUCTS



HBA & GM

Ranked Ratings of Amount of New Packaging on Category (1-few, 5-many)

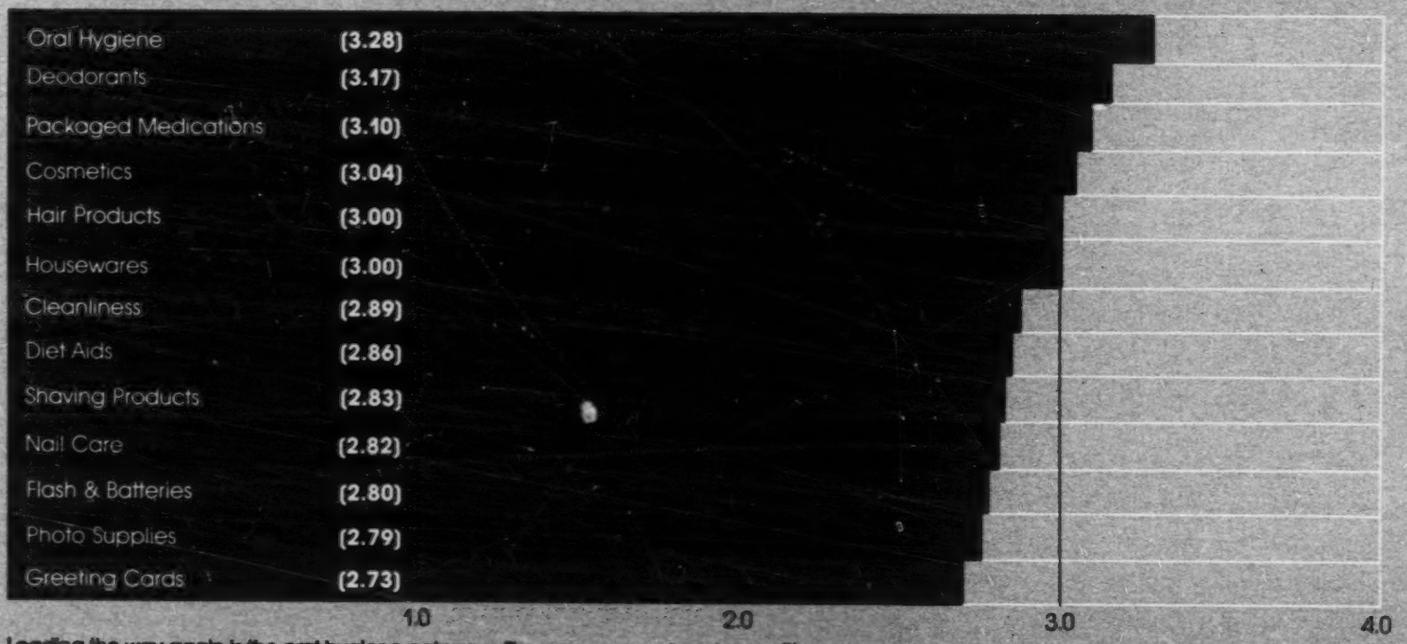
Total Sample



Because of the toothpaste pump and, to a lesser extent, the flip top, the oral hygiene category saw most movement in packaging. Hair products, with mousse dispensers, also saw new developments.

Ranked Ratings of Effects of New Packaging on Categories (1-hurt, 5-helped)

Total Sample



Leading the way again is the oral hygiene category. The pump proved a winner with consumers.

SOME NOTABLE NEW PRODUCTS

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WARNER LAMBERT

Continued from page 7B

One retailer said that the amount of new products was confusing. An area of concern is "category fragmentation and product duplication," he said. "This continues to be a major problem, especially in the hair care and oral hygiene categories. Very little is really 'new.'"

Survey respondents said that the categories most strengthened by the introduction of new products are oral hygiene, due to the tartar control toothpastes and pump toothpastes, and hair care products, due to the new shampoos and mousses. Retailers didn't feel that any category was particularly weakened last year by the introduction of new products. Also mentioned were cosmetics and diet aids. Diet aids is surprising here, because it was not rated as having a lot of new products. The products it had in 1985, however, did strengthen the category as a whole.

Among the products that retailers singled out as the most innovative were Crest Tartar-Control toothpaste, Colgate's pump toothpaste, Ivory Shampoo and Tylenol caplets. Others mentioned convenience travel packs, such as Chesebrough Ponds' Lip Therapy, Vaseline Intensive Care tubes, and daily vitamin packets.

The toothpaste pump was one of the packaging innovations most cited by survey respondents. Also cited were tamper-proof packages and the increase in blister-packs.

"Pump toothpaste certainly expanded the amount of space in the toothpaste category," said one wholesaler, "but it didn't affect sales in proportion to space allocation. It diluted sales."

"Whether pump toothpaste is really better or not, it seems less messy to the consumer," said Dick Gerstman, principal and managing partner of Gerstman + Meyers Inc., a New York City-based package design firm. "The package has become the product to a certain extent. When the pump came out, you can just imagine how the tube people felt. Of course, recently,

Continued on page 44B

SAMI UPDATE

HBA Product Categories Reflect Little Change from Year Ago

BY ALAN MILLER JR.

February HBA food store volume barely tops year-ago level as cough and cold remedies falter; skin care aids lose momentum versus strong period in 1985.

During the 28-day reporting period ended Feb. 28, 1986, food store unit sales for all 50 HBA product categories tracked by SAMI rose a scant 0.9 percent over the corresponding year-ago level, which was only 1.4 percent higher than the same period in 1984. The small gain nevertheless exceeded the 0.4 percent in the preceding period ended Jan. 31, 1986.

The lackluster showing was not significantly related to the aftermath of the new Tylenol (and other capsule) poisoning scare; unit movement of internal analgesics was down a mere 0.3 percent, which actually represents an improvement over the 2.9 percent loss rate recorded in the January pre-Tylenol poisoning period. The only product department to show a poor trend in February was frozen foods, which declined 2.5 percent in pounds.

The strongest performance was among refrigerated foods, which gained 4.8 percent on a poundage basis. Dry grocery: nonfood categories chalked up a gain of 3.0 percent in units, the strongest showing for these products in several months. The gain for dry grocery: food poundage was 1.0 percent, just ahead of the unit sales gain for HBA products. By product group, gains and losses were evenly split, with four increases and four declines. The highest gain rate was 3.6 percent for hair care needs, while the highest loss rate was a 1.9 percent dip for baby needs.

Hair care products gain

On a product category basis, the four-week losses outweighed the gains 28 to 22, compared with the preceding period's 24 gains and 26 losses. The highest gains were in hair care needs: 24.3 percent for hair setting needs, which showed a decline in units amounting to 18.7 percent, vis-a-vis the corresponding year-ago period for home permanent kits, which have been trending downward for several periods and now show an annual decline of 8.5 percent.

Baby needs, as a product group, suffered a four-week decline of 1.9 percent, an increase over the 0.8 percent loss in the preceding period. The infant clothes category continues its losses, and the 5.6 percent decline for baby oils, creams and lotions is somewhat higher than the 1.1 percent falloff in the January reporting period. Baby powders, however, returned to the plus side of the ledger with a 1.5 percent gain, in contrast with a negative trend of 2.9 percent for the entire 12-week period. Nursing supplies were once again on the ascendant.

Of the eight personal deodorant product categories measured by SAMI, gains and losses were evenly split. The gains were in deodorant and talcum powder (+14.9 percent), stick deodorants and pads (+9.9 percent), foot deodorants and athlete's foot remedies (+7.1 percent) and feminine douches (+3.0 percent). Losses befell cream deodorants (−17.5 percent), roll-ons (−8.1 percent), sprays (2.2 percent) and feminine hygiene deodorants. The upward thrust among stick deodorants, the highest-volume deodorant category, resulted in a 1.2 percent gain rate for all of these categories combined.

In the preceding period,

HEALTH & BEAUTY AIDS: SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 1/3/86	4 WEEKS ENDING 1/31/86	4 WEEKS ENDING 2/28/86
BABY NEEDS	**+ 2.8%**	**– 0.8%**	**– 1.9%**
Baby Powders	+ 0.5	– 9.9	+ 1.5
Baby Oils, Creams & Lotions	+ 7.3	– 1.1	– 5.6
Infant Clothes	– 8.2	– 10.0	– 10.7
Nursing Supplies	+ 2.3	+ 6.9	+ 3.7
DEODORANTS	**+ 2.4**	**+ 0.9%**	**+ 1.2%**
Sprays	– 3.9	– 4.8	– 2.2
Roll-Ons	– 2.6	– 4.0	– 8.1
Stick Deodorants & Pads	+ 11.3	+ 8.8	+ 9.9
Creams	– 13.5	– 16.5	– 17.5
Deodorants & Talcum Powders	+ 9.1	+ 1.8	+ 14.9
Feminine Hygiene Deodorants	– 4.2	+ 1.3	– 1.4
Foot Deodorants & Athlete's Foot Remedies	+ 1.5	+ 11.7	+ 7.1
Feminine Douches	+ 4.0	+ 1.7	+ 3.0
FIRST AID	**+ 1.8%**	**– 1.2%**	**+ 1.8%**
Antiseptics	+ 0.4	+ 2.1	– 1.7
First Aid Products	+ 2.2	– 2.0	+ 2.7
HAIR CARE NEEDS	**+ 5.3%**	**+ 3.4%**	**+ 3.6%**
Shampoos	+ 1.9	– 0.9	– 1.9
Hair Sprays	+ 10.8	+ 8.1	+ 20.2
Hair Conditioning Rinses	+ 2.4	+ 1.2	– 2.9
Hair Setting Needs	+ 46.7	+ 44.1	+ 24.3
Home Permanent Kits	– 6.3	– 15.8	– 18.7
Hair Coloring	– 6.3	– 2.8	– 2.9
Hair Dressing Needs	+ 2.8	+ 7.4	+ 7.8
ORAL HYGIENE	**– 3.1%**	**– 0.3%**	**+ 2.0%**
Toothpastes & Powders	– 2.3	+ 0.8	+ 0.8
Mouthwashes	– 5.9	– 5.4	+ 7.7
Breath Fresheners	– 13.2	– 4.8	– 8.8
Denture Cleaners	– 6.5	– 2.0	– 0.2
Denture Adhesives	– 4.8	– 4.8	– 3.4
Toothbrushes	– 0.8	+ 3.6	+ 3.4
PROPRIETARY REMEDIES	**+ 1.7%**	**– 2.7%**	**– 0.5%**
Antacids	+ 3.5	+ 5.8	+ 5.9
Internal Analgesics	– 2.3	– 2.9	– 0.3
External Analgesics	+ 4.8	– 0.8	+ 0.9
Cold Tablets	+ 9.8	– 3.4	– 2.5
Nasal Sprays—Drops—Inhalers	– 3.8	– 6.2	– 10.5
Chest Rubs	+ 4.2	– 7.7	– 6.4
Cough Remedies	+ 0.2	– 10.3	– 4.0
Laxatives	– 1.9	– 5.9	– 6.8
Sleeping Aids	+ 10.8	+ 11.2	+ 5.5
Tranquilizers	– 10.6	– 14.9	– 10.4
Synthetic Vitamins	+ 1.3	– 0.9	– 0.3
Eye Care Products	+ 11.1	+ 19.2	+ 10.1
Appetite Suppressants	+ 7.0	+ 16.9	+ 15.6
SHAVING NEEDS	**+ 3.1%**	**+ 5.5%**	**– 0.2%**
Shaving Creams	+ 4.7	+ 9.7	+ 10.0
Pre-Shave Lotions	– 3.0	– 3.3	+ 4.0
After-Shave Lotions	– 3.4	– 1.8	– 2.9
Razor Blades	+ 3.7	+ 4.8	– 3.6
Razors & Blades	+ 4.2	+ 1.0	– 12.6
SKIN CARE AIDS	**+ 22.3%**	**+ 8.5%**	**– 1.3%**
Hand & Body Creams & Lotions	+ 20.4	+ 9.7	– 3.3
Facial Preparations	+ 25.9	+ 9.0	– 4.6
Lip Care Products	+ 50.6	+ 17.0	+ 11.3
Suntan Lotions & Oils	+ 3.5	+ 102.5	+ 2.2
Cosmetic & Medicated Skin Aids	– 6.2	– 6.3	– 5.4
TOTAL ALL CATEGORIES	**+ 2.6%**	**+ 0.4%**	**+ 0.9%**

first aid products (bandages, cotton, gauze, etc.) declined, while first aid antiseptics gained. During February, the trends had reversed: First-aid products increased 2.7 percent, while the first-aid antiseptic category showed a loss of 1.7 percent.

Home permanents decline

Shampoo volume continues to ease, registering declines for the four weeks (–1.9 percent), 12 weeks (–0.3 percent) and full year (–0.4 percent). However, the most pronounced downward trending is in the home permanent kit category, where the most recent loss was 18.7 percent. The four-week loss rate among hair conditioning rinses and hair coloring was –2.9 percent for each. The hair setting needs category continues to outpace the strong year-ago period, although the gain rate has been decreasing as the new hair styling mousse products reach maturity.

The current February gain was 24.3 percent, in comparison with 82.6 percent annual growth. Hair sprays are continuing to grow, with the most recent gain of 20.2 percent being the highest increase yet. The 7.8 percent advance in sales of hair dressing needs came, in part, from hair mousse items for men introduced during the past year. Oral hygiene product sales rose 2.0 percent after discounting volume of dental aids, which were not reported by SAMI last year.

Mouthwashes accounted for all of the four-week unit gains in the product group; sales advanced 7.7 percent, wiping out losses of 8.8 percent for the small-volume breath freshener category, and 0.2 percent and 3.4 percent for denture cleaners and denture adhesives, respectively. Toothpastes/powders and toothbrushes recorded gains of 0.8 percent and 3.4 percent.

As a result of weakness in all of the cold remedy categories, sales of proprietary remedies declined 0.5 percent: –10.5 percent for nasal sprays-drops-inhalers, –6.4 percent for chest rubs, –4.0 percent for cough remedies and –2.5 percent for cold tablets. As noted earlier, the volume for internal analgesics fell only 0.3 percent in spite of the bad press given these products, particularly in capsules, as a result of the most recent Tylenol poisoning scare. It is possible that some consumers threw away the capsules and purchased new supplies in tablet form, thus avoiding a sharp decline in this beleaguered category.

Double-digit growth

Two proprietary remedy categories had double-digit growth rates: appetite suppressants (+15.6 percent) and eye care products (+10.1 percent). The growth rate for eye care products is the lowest in some time. Antacid volume in food stores was 5.9 percent higher than at the same time last year. Laxative sales declined 6.8 percent, and synthetic vitamins were 0.3 percent below the February 1985 level.

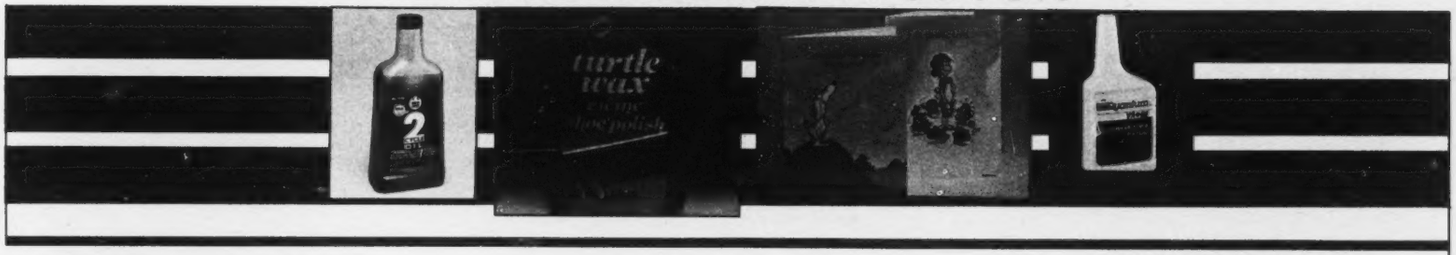
Sleeping aids continued on an upward sales curve, advancing 5.5 percent. However, this rate of gain was below the trend for a full year (+10.3 percent) or the 12-week period (+9.0 percent). Sales of shaving needs declined 40,000 units, or 0.2 percent, as a result of declines of 12.6 percent for razor sets, 3.6 percent for razor blades and 2.9 percent for after-shave lotions. Among razor blades, however, disposables were still trending upward (+11 percent). Also in the plus column were shaving creams (+10.0 percent) and pre-shave lotions (+4.0 percent).

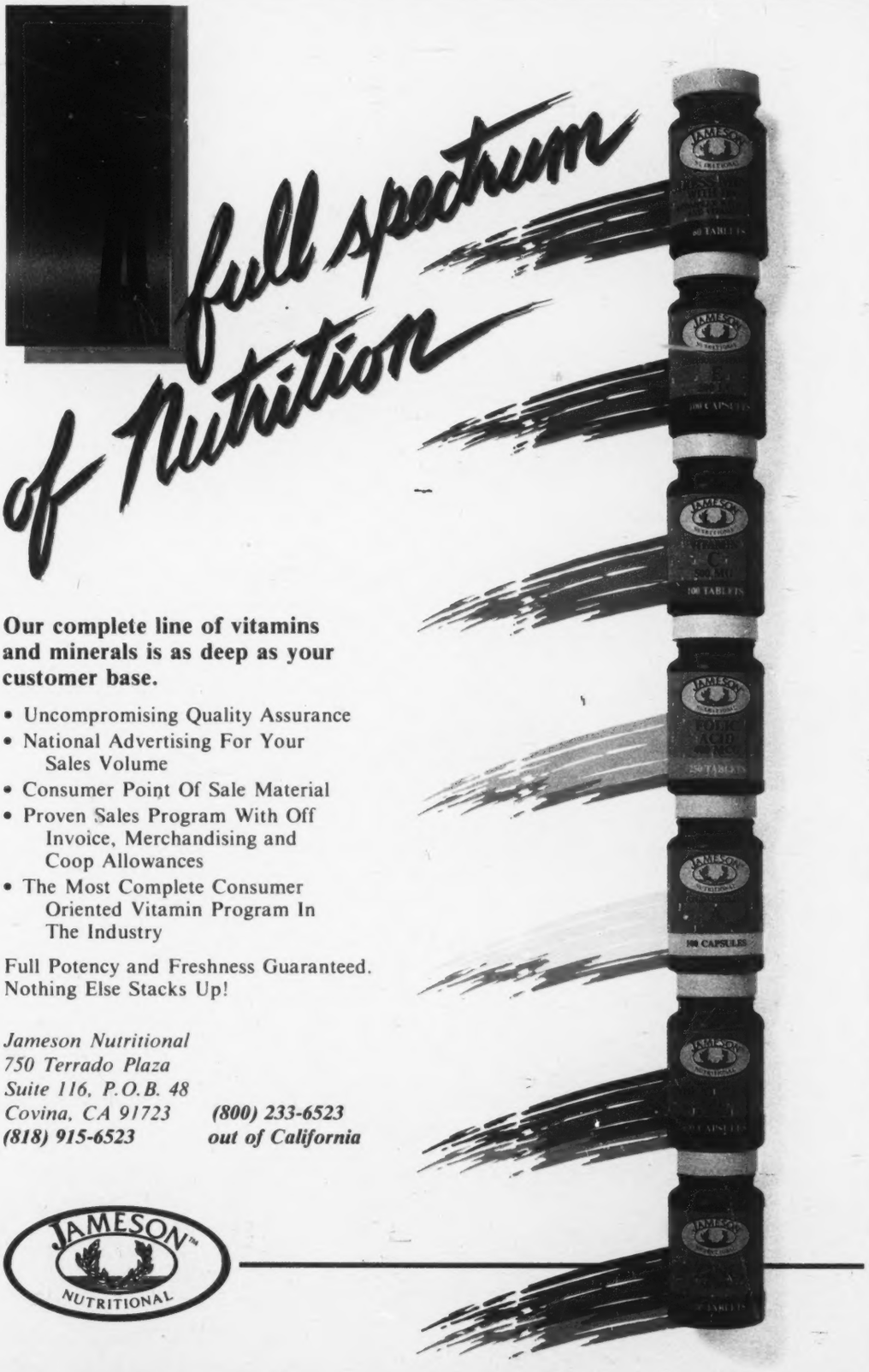
Finally, in the skin care aids category, the recent upsurge appears to have simmered down, and a 1.3 percent decline was detected during the four-week period in all five categories combined. This contrasts with the trend reversals, +8.6 percent for the year and +8.9 percent for the 12-week period. From gains to losses, the trend reversals were found among hand and body creams/lotions (–3.3 percent) and facial preparations (–4.6 percent).

Volume in the cosmetic and medicated skin aids category moved downward 5.4 percent, representing the fourth consecutive reporting period with losses. The 2.2 percent increase for suntan lotion-suntan oil does not convert to many added units in the February period. Lip care products are still enjoying good growth, although at a lower gain rate than in the two preceding periods.

The March trend will be significantly influenced by the severity of the flu season, the repercussions of continued anxiety over poisoning from tampered proprietary remedies and the additional sales volume contributed by important new products. ■

SOME NOTABLE NEW PRODUCTS





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Continued from page 18B

the caps on some toothpaste tubes have been changed in favor of flip-tops. I'm not sure if it actually works better, but the manufacturers saw the pump taking away business, and they had to do something about it."

According to the survey, the categories with the most new products were hair products, oral hygiene, packaged medication and cosmetics. Deodorants and housewares were also high on all lists. Categories with the fewest number of new products, according to the survey, were photo supplies, flashlights and batteries and greeting cards.

As with food and grocery products, the sample groups said that manufacturers were somewhat helpful in terms of financing promotions and advertising and merchandising information when introducing GM/HBA products. The survey respondents felt that manufacturers are generally unsupportive when it comes to help with initial overhead systems expenses, and especially in helping to ease warehouse and shelf space problems.

Retailers' recommendations for how GM/HBA manufacturers could be more supportive were less consistent than for food and grocery manufacturers. Respondents from all three groups seemed to call for more allowance money, quicker pickup for older or discontinued products, and more merchandising and package information.

"New product presentations should include recommendations to discontinue lines and sizes," one wholesaler said. "Manufacturers are always eager to get new items in, but reluctant to pick up their own items that have been discontinued. This also creates a problem at retail. A large percentage of items on the shelves have been discontinued."

One independent retailer called for "additional planning and enough lead time to accommodate the merchandise in the system. Many times merchandise is 'added' to the allocation without proper layout." Another said that manufactur-

ers should "be aware that it's more difficult to place an item on a retail shelf than in a warehouse." He called for more placement money.

Packaging innovations have come into the auto supplies market, also. A lot of oil is packaged in drip-proof plastic bottles, as is anti-freeze. "We developed, not too long ago, a new anti-freeze bottle," said Dick Gerstman. "The form of the product hasn't changed, but the problem was in pouring the stuff into cars. So we created an easy-to-use bottle with a handle on the same side as the spout, so it can go over the radiator opening. The product flows smoothly."

One retailer said that because of this new kind of packaging, he has begun to stock more auto supplies, and his sales have increased tremendously.

The most newsworthy, if unhappy, packaging change has been in over-the-counter drugs, because of the serious Tylenol tampering incidents. This has led to the development of a whole new age of tamper-proof or -resistant packages and, in the case of Tylenol, the increased use of caplets, to replace the tamper-prone capsules.

On these pages, NONFOODS BUSINESS has pictured some of the notable new products in GM/HBA. Because of space, not everything can be shown, and this does not reflect any preference by NONFOODS BUSINESS editors. Here is a list of significant new products that most retailers have cited: Fibre Trim, Crest Tartar Formula toothpaste, Colgate Pump Toothpaste, Tylenol caplets, Vaseline Lip Therapy, nail polish pens, Nuprin, Advil, calcium tablets, Mennen's Ladies Speed Stick and Dimetapp products. ■

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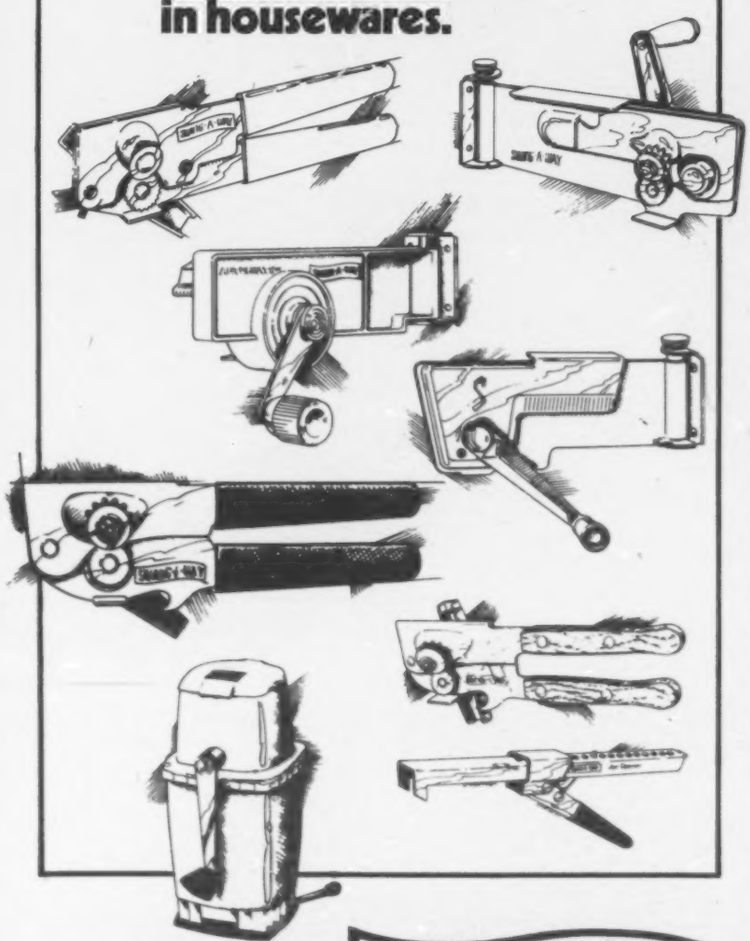

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SCRIPTO 45B
SOAP OPERA DIGEST ..... 26B & 27B
STUART PHARMACEUTICALS 20B
SWING A WAY 46B
T.V. GUIDE 6B
WARNER LAMBERT 18B
WORKING WOMAN 22B

HOUSEWARES

Continued from page 30B

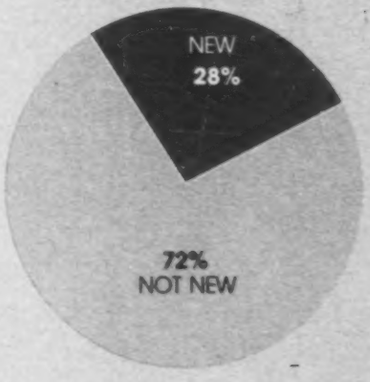
that are setting up their own gourmet shops." Indeed, Ferrin predicts that soon his company will be able to work with chains to feature certain recipes and provide shopping lists to consumers, which will generate sales of both groceries and disks to enraptured shoppers. He hopes.

Hope may be the word most on the minds of many of the smaller entrepreneurs who abound at the Housewares Exposition. Wandering the aisles, one is greeted with encouraging smiles from the woman selling food dehydrators, from the man selling acrylic cutting boards, from the people selling decorator kitchen magnets. Outside, a storm whips up on Lake Michigan, ruining for a few hours the illusion of an unblemished spring. But inside McCormick Center, there are no visible storm clouds, except, perhaps, in the vicinity of a single booth devoid of samples. ■

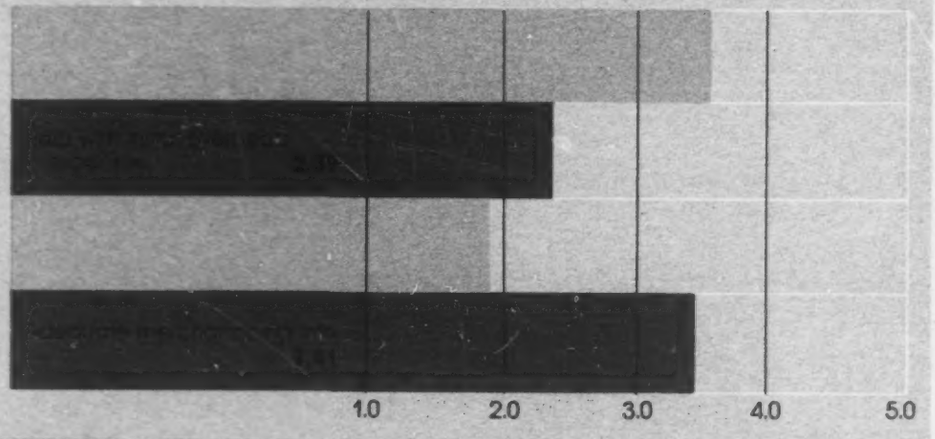
SOME NOTABLE NEW PRODUCTS

Food & Grocery

Percentage of those products that were truly new



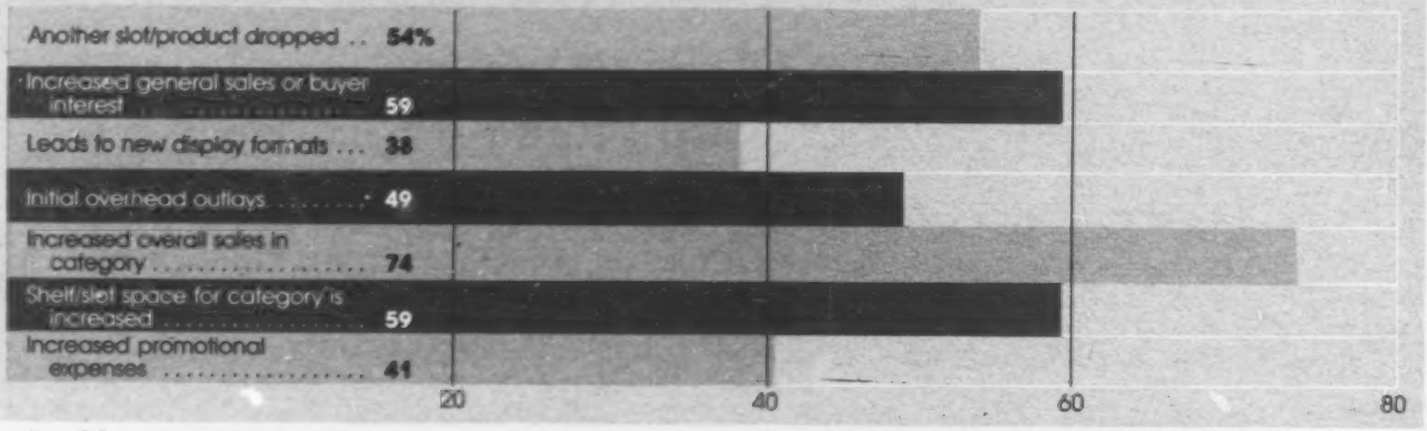
Ratings of manufacturer Support: 1-poor, 5-good



As seen in the pie chart above, most retailers surveyed feel that many products aren't truly new, but mainly line extensions or "me too" items. They feel that manufacturers provide adequate support for promotions and advertising, and also for merchandising information, but less so for overhead expenses and space problems (seen in the chart above). Independents especially feel that they could use more support with initial overhead expenses. Wholesalers called for more help with easing warehouse and shelf space problems. In the chart below, most of those surveyed feel that a new product increases overall category sales. Independents feel this less so and, more than any group, they tend to drop another slot or product when a new item is accepted.

Effects on your operations when accepting a new item.

% Yes


Another slot/product dropped .. 54%
Increased general sales or buyer interest 59
Leads to new display formats ... 38
Initial overhead outlays 49
Increased overall sales in category 74
Shelf/slot space for category is increased 59
Increased promotional expenses 41
20
40
60
80

Continued from page 47

that people want. People are still concerned about their health, but you see more of a reward mentality: work hard all week at the office, work out, but pig out on gourmet ice cream and good food."

"Perhaps the biggest innovation over the last year has been with microwave items," says Robert McMath, president of Marketing Intelligence Service, Ltd. "This is because of the continued increase in microwave use. Another strong category is 'mousse.' It's getting to the point where everything that foams is being sold as a mousse—car waxes, for instance."

McMath thinks that so-called health products will continue to grow in sales, and that so-called value-added sodas (with 10 percent juice or extra vitamins) will grow.

Sometimes, the package creates the product. "The studies we do regarding new packaging show that some new products are actually defined by their packaging," says Lorna Opatow, Opatow Associates (New York). "Take for instance, aseptic packaging, which can have juices or milk or main dishes in it." She says that aseptic packaging almost creates a new category within other categories, but so far, has been more successful in liquids than in solids. "It'll work better with solids when they get the taste problems straightened out."

Ocean Spray is having huge success with its line of aseptic packaged drinks, and expects to do extremely well with its aseptic concentrates—an instance of a package creating the product. "We're pioneering a new product—shelf-stable liquid concentrate," says a spokesman for Ocean Spray, "but the consumer acceptance is strong. Consumers have three benefits: economy, convenience and quality. The consumer saves up to 35 percent off what he would pay for reconstituted juice or frozen concentrate; the quality is the same as

Continued on page 120

SOME NOTABLE NEW PRODUCTS

NEW PRODUCT AND PACKAGING INNOVATIONS

Continued from page 47

the product we put in our bottles, and there's no freezing requirements—the product can be put on a shelf and stored there for months.

"For retailers, the benefits are obvious. We've done studies that show a package of our liquid concentrate on a DPP (Direct Product Profitability) basis as 17 times more profitable than a conventional 48-ounce bottle or 46 ounce can."

The company has embarked on the largest advertising campaign in its history to educate consumers about the benefits of aseptically packaged liquid concentrates.

America's taste for the croissant has led many manufacturers into "me-too" or offbeat new products. Finally, for instance, we have the croissant pizza, this from Pepperidge Farm.

But the largest number of new products are being developed for microwave ovens. "Microwave-ready food is needed to compete with the fast-food business," one retailer said.

So in the microwave arena, we have the development of new plastic trays, that may make it possible for shelf-stable meals to be sold. It won't be an easy sell, since the American consumers generally have enough freezer and refrigerator space, so they don't have to have a shelf-stable entree. And people may be uneasy about having a pouch of stew, rather than a can of it, sitting in the cupboard. This means that manufacturers must spend an enormous amount of money to educate the consumer, both about the packaging process itself and the product in the package.

Campbell is developing microwavable soup containers, for example. The company is test marketing chunky soups called Cookbook Classics in microwavable plastic crock-shaped containers that sit on the shelf. Campbell is also planning to switch its Swanson frozen dinners to microwavable plastic trays rather than aluminum ones.

The shift in consumer attitudes and habits has led to changes in packaging, too, package designers and manufacturers feel. "Time is the big thing in the development of pre-cooked or easy to-clean products," says Lorna Opatow. "Money is still a constraint, too."

And taste is still important. American Can Co., for example, is working with a plastic can, that is said to make the food within it taste better, since it doesn't have to be heated as much as a metal can to cook the food. It's also easier to stack, lighter and more dent-resistant than metal. But convincing consumers that a plastic can is good is another challenge.

Not everything is being developed for the microwave. Some companies are working on new packaging to improve refrigerated food. Thin new plastic materials provide a barrier to oxygen, slowing deterioration. Some vegetables packaged with this material can be kept an extra week.

And the use of irradiation on more products means longer shelf life for fruits and vegetables to meats.

Other packaging changes are more aesthetic. Mort Libby, president of Libby Perszyk Kathman says "I predict that as men become more important to the supermarket, because they are doing more shopping, there will be a more masculine look to package design. Studies show that while women are willing to buy a more masculine-looking product, men won't buy products that they perceive to be feminine."

Nowadays, in addition to developing packaging for ease of operation, longer shelf life or cachet, manufacturers and packagers must contend with the insidious instances of product tampering. It's affecting everything, says one package designer, from analgesics to ice cream.

"Previously, when there were problems with packaging," says Lorna Opatow, "consumers tended to slough them off. But they haven't sloughed off the tampering problem. I am aware of people who have switched brands of cottage cheese, for instance, because they wanted a brand with an inner seal under the container top. The seal is also there for product freshness— not just because of tampering. But tampering has played a role in the consumer's thinking."

Some people feel that there may be a backlash among older buyers against the tamper-proof bottles and containers, but most consumers prefer the newer bottles. Incidents of tampering have led not only to new packages, but new products, for example, Tylenol caplets, which replace the tamper-prone capsules.

A consumer attitude study was commissioned by SUPERMARKET BUSINESS and conducted by Market Facts, Inc., an independent marketing research organization, using its Telenation service. This survey found that consumers must feel a need for a new product before choosing it. The product's appearance is also important.

Packaging information is the second most influential factor, with 71.3 percent of the respondents indicating that is important in their decision to try a new product. Price is important, but not as important as need. Store price promotions were mentioned by about 70 percent of the respondents as an influencing factor in their trying a new product, while coupons were mentioned by 62.8 percent. Trial sized samples were mentioned by 63.1 percent.

Significantly, advertising is the least important factor in the decision to try a new product. Only 56 percent of the sample mentioned manufacturers' advertising as being an important factor in trying a new product. Demographics, naturally, had a lot to do with whether a person would try a new product.

Younger consumers, aged 18 to 24, and those traditionally considered to be of prime home-owning and established family age, 35 to 44, are more influenced by a combination of many factors—such as perceived need for a product, packaging information, advertising and the like—in trying new products. Older consumers, those over 65, are least likely to be influenced by these factors.

Consumers with lower household incomes are more likely to be influenced by factors such as coupons, store price promotions and trial size samples. Higher income consumers respond more than other consumers to a perceived need for a product and its suitability as a substitute for an existing product.

Package information, and need for the product, are more important factors for white consumers than non-whites. All the other factors mentioned are more important to non-whites than whites. Price and advertising factors are more important to consumers with a high school or some college education. Need and package information factors are more important to those with a post-graduate education.

On these pages, some notable new products are pictured. The number of products is necessarily limited, due to space constraints, and does not reflect any preference by SUPERMARKET BUSINESS editors. Here is a list of some significant new or improved products most often cited by retailers: Pillsbury's Toaster Strudel and its pot pies, Le Menu Dinners, Ocean Spray Liquid Concentrates, Tyson Entrees, Campbell's dry and Gold Label soups, Snuggle fabric softener, Slice soda, Combat Roach Control, Lipton rice products, Heinz instant baby food, Betty Crocker's Pop Secret Popcorn. SUPERMARKET BUSINESS's repositioning award of all time goes to Coke Classic.

Developments are still in the offing. Campbell, for instance, is still trying to perfect a square, easy-to-ship tomato. Our cover shows how such a simple commodity as the tomato can be packaged and varied in a number of innovative ways. Not only is the packaging changing, but so is the product.

And with all the disparate consumer trends finding expression in the supermarket, from lean eating to gourmet ice creams, one had to expect this new development: Jolt, a soft drink being test marketed in Rochester, N.Y. It proudly claims to have twice the caffeine of a conventional can of caffeine-laced soda. Take that, health nuts. ■